

Fuji Electric Integrated TCFD / TNFD Report

June 2026

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Introduction

The adoption of the Paris Agreement in 2015 marked a historic turning point, steering the world decisively toward a "decarbonized society." Since then, the responsibilities and roles that corporations must fulfill in addressing the urgent challenge of climate change have grown greater than ever before. For Fuji Electric, with our core business centered on energy and the environment, this global shift served as an opportunity to reaffirm the very purpose of our business operations. In response to this trend, we established our long-term environmental directive, "Environmental Vision 2050," in 2019, aiming to contribute to the realization of a sustainable society.

Global discussions have continued to accelerate since then. At COP26 in 2021 (the Glasgow Climate Pact), the international community agreed to pursue the "1.5°C target." Furthermore, following the IPCC Sixth Assessment Report, which concluded that global warming caused by human activities is "unequivocal," we upgraded the pillar of our vision from achieving a "low-carbon society" to achieving a "decarbonized society." In March 2022, we radically revised our Fiscal 2030 Goals, establishing a new reduction target for our entire supply chain and upwardly revising our reduction targets for greenhouse gas emissions from our own production activities to a more ambitious level. In December 2022, these targets were validated as aligned with the "1.5°C trajectory" by the Science Based Targets initiative (SBTi), an international organization. This underscores our determination not only to decarbonize our own operations but also to contribute to the decarbonization of society through our businesses, including our products and systems.

Concurrently, we have focused on high-transparency environmental disclosures. Since declaring our support for the TCFD (Task Force on Climate-related Financial Disclosures) in 2020, we have consistently disclosed information in line with the TCFD recommendations.

Meanwhile, global momentum toward achieving a nature-positive world has been accelerating, highlighted by the adoption of the Kunming-Montreal Global Biodiversity Framework in 2022. Target 15 of this framework demands that businesses assess and disclose their dependencies and impacts on biodiversity. Accordingly, based on the TNFD (Taskforce on Nature-related Financial Disclosures) framework, we evaluated our dependencies on natural capital, the impacts of our business activities on natural capital, and the associated business risks and opportunities, and subsequently disclosed this information in June 2025.

Through this process of evaluation and analysis, we have reaffirmed that the three pillars of our vision—"Achieve a Decarbonized Society," "Achieve a Recycling-Oriented Society," and "Achieve a Society that is in Harmony with Nature"—are deeply interdependent and intricately linked; for instance, the promotion of decarbonization contributes to nature restoration. Therefore, to provide our stakeholders with a more integrated and comprehensive understanding of the overall picture of Fuji Electric's sustainability management, we have compiled this report, which integrates the TCFD and TNFD frameworks.

We aim to contribute to the achievement of a decarbonized society, a recycling-oriented society, and a society that is in harmony with nature by expanding the use of Fuji Electric's innovative clean energy technologies and energy-saving products.

Achieve a Decarbonized Society	Target carbon neutrality across the supply chain
Achieve a Recycling-Oriented Society	Promote green supply chains to reduce the environmental impact to zero throughout the entire life cycle
Achieve a Society that is in Harmony with Nature	Aim for zero impact on the ecosystem through corporate activities that contribute to biodiversity

Fiscal 2030 Goals

We aim to achieve the following goals in order to limit the temperature increase to 1.5°C above pre-industrial levels.

- Greenhouse gas emissions throughout the supply chain (Scope 1+2+3) : Reduction of over 46% (compared to FY2019)
- Greenhouse gas emissions through production (Scope 1+2) : Reduction of over 46% (compared to FY2019)
- Contribution to CO₂ reduction in a society through our products : Over 59 million tons/year

We will promote a circular economy while complying with environmental regulations around the world.

- Transitioning to environmentally friendly products that comply with ecological design regulations
- Final waste disposal rate (including plastic waste) : Less than 0.5%

TCFD/TNFD Disclosure History

Since declaring our support for the TCFD recommendations in June 2020, Fuji Electric has continuously disclosed information aligned with the TCFD framework. In June 2025, we released our inaugural disclosure in line with the TNFD recommendations.

Year	Major Global Trends	Our "Environmental Vision 2050"	History of Our TCFD and TNFD Disclosures
2015	Adoption of the Paris Agreement at COP21		
2017	Publication of recommendations by the TCFD		
2019		Established "Environmental Vision 2050" (June)	
2020			TCFD • Declared support for the TCFD Disclosed "Governance"
2021	Adoption of the Glasgow Climate Pact at COP26	Revised "Environmental Vision 2050" (June) • Declared commitment to "Realization of a Decarbonized Society"	• Disclosed "Risks and Opportunities" (under 2°C / 4°C scenarios) • Disclosed "Risk Management" and "Metrics and Targets"
2022	Adoption of the Kunming-Montreal Global Biodiversity Framework	Revised Fiscal 2030 Goals (March) • Established new GHG reduction targets for the entire supply chain • Upwardly revised GHG reduction targets for our own production activities	• Disclosed "Risks and Opportunities" (under 1.5°C / 4°C scenarios) and "Response Measures"
2023	Release of final recommendations by the TNFD		• Disclosed response measures and financial impacts for key risks
2024	Enforcement of the EU Ecodesign Regulation	Revised "Environmental Vision 2050" (June) • Declared commitment to "Zero Environmental Impact across the Entire Lifecycle" for the realization of a recycling-oriented society Expanded Fiscal 2030 Goals (June) • Explicitly integrated the promotion of a circular economy	• Reviewed and disclosed "Risks, Opportunities, Response Measures, and Financial Impacts" under the 1.5°C scenario
2025			• Reviewed and disclosed "Risks, Opportunities, Response Measures, and Financial Impacts" under the 1.5°C / 4°C scenarios TNFD • Disclosed "Governance," "Risks and Opportunities (Own Manufacturing)," "Risk and Impact Management," and "Metrics and Targets"
2026			• Published the "TCFD/TNFD Disclosure Report" • Disclosed "Risks and Opportunities (Upstream Value Chain)" and associated "Response Measures"

Governance

Fuji Electric positions initiatives for global environmental protection as one of its highest priority management tasks. To ensure prompt and appropriate decision-making on sustainability issues, including climate change (TCFD) and natural capital (TNFD), we have established the following governance framework.

Promotion Framework (Executive Side)

We have established the Sustainability Committee as a company-wide, cross-functional deliberative body. The committee is chaired by the Director and Senior Managing Executive Officer (General Manager of the Corporate Planning Headquarters) and is composed of the heads of each business, sales, and corporate division (primarily Executive Officers). The committee conducts integrated discussions to evaluate measures for achieving "Environmental Vision 2050," promote Green Transformation (GX) strategies, identify risks and opportunities that climate change and natural capital pose to our business, and assess the progress of response measures.

Oversight Framework (Board of Directors)

Material matters deliberated and evaluated by the Sustainability Committee are reported to the Board of Directors via the Executive Committee*. Based on these reports, the Board of Directors oversees whether environmental strategies are aligned with the overall corporate management strategy and approves and decides on key initiatives and targets.

* Executive Committee : A body that deliberates on material matters regarding business execution.

In Fiscal 2025, the Sustainability Committee met twice (in June and January). All results of its deliberations, including evaluations related to TCFD and TNFD, were reported to the Board of Directors following discussions within the Executive Committee.



Fuji Electric positions "respect for human Rights" as a material management issue , alongside our initiatives for global environmental protection. We believe that protecting the human rights of relevant stakeholders in the process of addressing climate change and conserving natural capital is essential for sustainable business continuity. The first item of our corporate code of conduct, the "Fuji Electric Code of Conduct," states "We respect and value people," explicitly committing us to respecting human rights in our relationships with everyone involved in our business activities.

Accordingly, Fuji Electric supports internationally recognized human rights standards* and the United Nations Guiding Principles on Business and Human Rights. We respect the human rights of all stakeholders associated with our business, including indigenous peoples and local communities. To fulfill our responsibility to respect the human rights of all stakeholders involved in our business activities, we continuously conduct "human rights due diligence" to identify, prevent, mitigate, and address potential adverse impacts on human rights. The results of these assessments are reported to the Sustainability Committee.

* Internationally recognized human rights standards:

- Universal Declaration of Human Rights
- ILO Declaration on Fundamental Principles and Rights at Work, etc.

Corporate Code of Conduct

- | | |
|---|--|
| 1. Respect and value all people | 6. Respect and value interaction with society |
| 2. Respect and value our customers | 7. Make global compliance a top priority |
| 3. Respect and value our business partners | 7-1 Thorough compliance |
| 4. Respect and value our shareholders and investors | 7-2 Thorough risk management |
| 5. Respect and value the global environment | 8. Top management will thoroughly practice this standard |

In 2026, Fuji Electric revised the "Fuji Electric Biodiversity Action Guidelines" to elevate our contribution to the conservation and restoration of biodiversity to a higher level. While complying with the latest trends (2023) of the Keidanren (Japan Business Federation) "Declaration of Biodiversity and Action Policy," this revision expands the scope of natural capital management beyond our own business sites to the entire supply chain. By properly managing our dependencies and impacts on natural capital, we will proactively and concretely accelerate initiatives toward achieving a sustainable society that is in harmony with nature together with our stakeholders.

Fuji Electric Biodiversity Action Guidelines

(Established in 2010, revised in 2026)

Fuji Electric accelerates decarbonization and the transition to a circular economy through our energy and environment businesses, contributing to the realization of a society in harmony with nature throughout our entire supply chain.

1. Reduce Environmental Impact through Our Business and Promote Understanding and Management of Our Relationship with Biodiversity

Fuji Electric contributes to reducing the overall environmental impact of society and to preserving biodiversity by providing products and services that promote clean energy, ensure a stable energy supply, and save energy. In addition, across all business activities, including our global supply chain, we assess and manage our dependencies, impacts, risks, and opportunities related to natural capital (such as forests, soil, water, and air), including biodiversity and ecosystems.

2. Minimize the Impact on Biodiversity Throughout Our Supply Chain and Promote Sustainable Use

Taking into account our global supply chain and entire product lifecycles, Fuji Electric endeavors to preserve natural capital, including biodiversity and ecosystems, by reducing greenhouse gas emissions, effectively utilizing resources, reducing water intake, and ensuring the proper treatment of waste and pollutants.

3. Work with Stakeholders to Actively Promote Activities for Biodiversity Conservation

Fuji Electric collaborates with diverse stakeholders to promote social contribution activities related to the conservation and restoration of natural capital, including biodiversity and ecosystems, while striving to secure safe water resources in local communities. In addition, we actively disclose information regarding our various initiatives.

Strategy

■ Core Approach

- **Integrated Evaluation:** We view climate change (TCFD) and natural capital (TNFD) as mutually influencing, "interlinked risks and opportunities," and evaluate them in an integrated manner.
- **Identifying Priorities:** Based on scenario analysis (TCFD) and the LEAP approach (TNFD), we identify priority issues that directly impact corporate management.

■ Strategy Formulation Process

1. Identification of Risks and Opportunities (P14–22)

- **Climate Change:** Evaluate impacts under 1.5°C and 4°C scenarios.
- **Natural Capital:** Use the LEAP approach to evaluate dependencies and impacts on natural capital regarding "our own business sites" and the "upstream value chain (mineral extraction)".

2. Materiality Assessment and Visualization of Financial Impacts (P23–27)

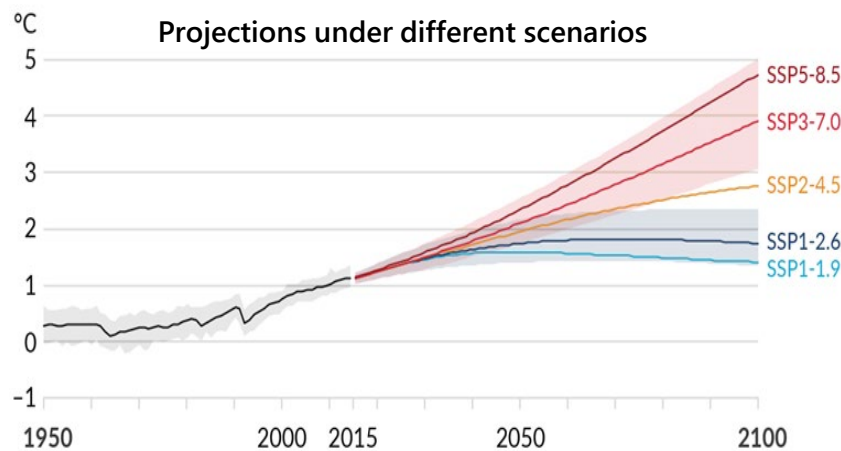
- **Integrated Risk Matrix:** Organize and synthesize risks and opportunities related to climate change and natural capital framework as a cohesive whole.
- **Actionable Solutions:** Present "concrete response measures" bundled alongside each identified issue.
- **Quantifying Financial Impacts:** For risks deemed highly material, quantify the future financial impacts, including projected investment amounts and expenses.

Regarding climate change, we conducted impact assessments targeting the years 2030 and 2050 based on two types of scenarios.

Scenarios Adopted	Overview	Sources / References
4°C Scenario	- A world where global decarbonization fails and global warming progresses under a business-as-usual trajectory . - A scenario where transition risks from new regulations are limited, but physical risks*¹ from increasingly severe natural disasters are maximized.	- IPCC Fifth Assessment Report (AR5) - IPCC Sixth Assessment Report (AR6)
1.5°C Scenario	- A world racing toward decarbonization at an intense pace . - A scenario where transition risks*² associated with rapid social transformation materialize, while physical risks are suppressed.	- IEA Net Zero Emissions by 2050 Scenario (NZE) - IPCC Special Report on Global Warming of 1.5°C

*¹ Physical Risks: Direct damage to business sites and supply chains caused by natural disasters such as typhoons and floods.

*² Transition Risks: Impacts such as tighter regulations and increased costs associated with the shift toward a decarbonized society.



Source: IPCC AR6 SPM.1.1, SPM.4

4°C Scenario

SSP5-8.5 : A high GHG emissions scenario where CO₂ emissions approximately double from current levels by 2050.

1.5°C Scenario

SSP1-2.6 : A low GHG emissions scenario where net CO₂ emissions reach net-zero after 2050 and become net-negative by 2100.

IEA: International Energy Agency
 IPCC: Intergovernmental Panel on Climate Change

We evaluated the changes in the external environment, as well as the resulting risks and opportunities for Fuji Electric, under each climate scenario.

Risks Opportunities

Scenario	Category	External environmental changes	Risks/Opportunities
4°C Scenario	Acute Risk	Increased frequency and severity of extreme weather events	Business suspension at our own sites and key suppliers due to natural disasters (flooding), causing supply chain disruptions. Increased demand for comprehensive disaster prevention solutions.
	Chronic Risk	Changes in precipitation patterns / Long-term temperature rise	Difficulty in procuring water resources at manufacturing sites due to ecosystem degradation and droughts.
1.5°C Scenario	Policy and Legal	Tighter carbon pricing (e.g., carbon taxes) / Stricter GHG emission regulations	Increased energy costs and the passthrough of raw material procurement costs by suppliers due to carbon taxes and stricter emission regulations.
	Technology	Proliferation of CO ₂ storage and utilization technologies / Advances in resource recycling technologies	Market share expansion for circular economy-compliant products driven by advances in resource recycling technologies.
	Market and Reputation	Stronger customer demands for decarbonization and higher renewable energy ratios	Lower reputation and increased loss of orders due to delayed response to decarbonization.
		Increased demand for products contributing to decarbonization	Increased GHG emissions from power consumption aligned with production growth.
			Expanded adoption of energy-saving and renewable energy-related products by customers.
		Proliferation of decentralized power, self-generation, and EVs / Progress in electrification of transport	Tight supply of decarbonization-related raw materials such as copper and rare earths. Accelerated shift toward next-generation infrastructure.

Regarding natural capital, we are advancing analysis based on the "LEAP approach" recommended by the TNFD to systematically understand our risks and opportunities. In Fiscal 2025, we designated our own factories across our four core businesses and the upstream value chain as priority areas, identifying the dependencies and impacts that our business activities pose to nature.

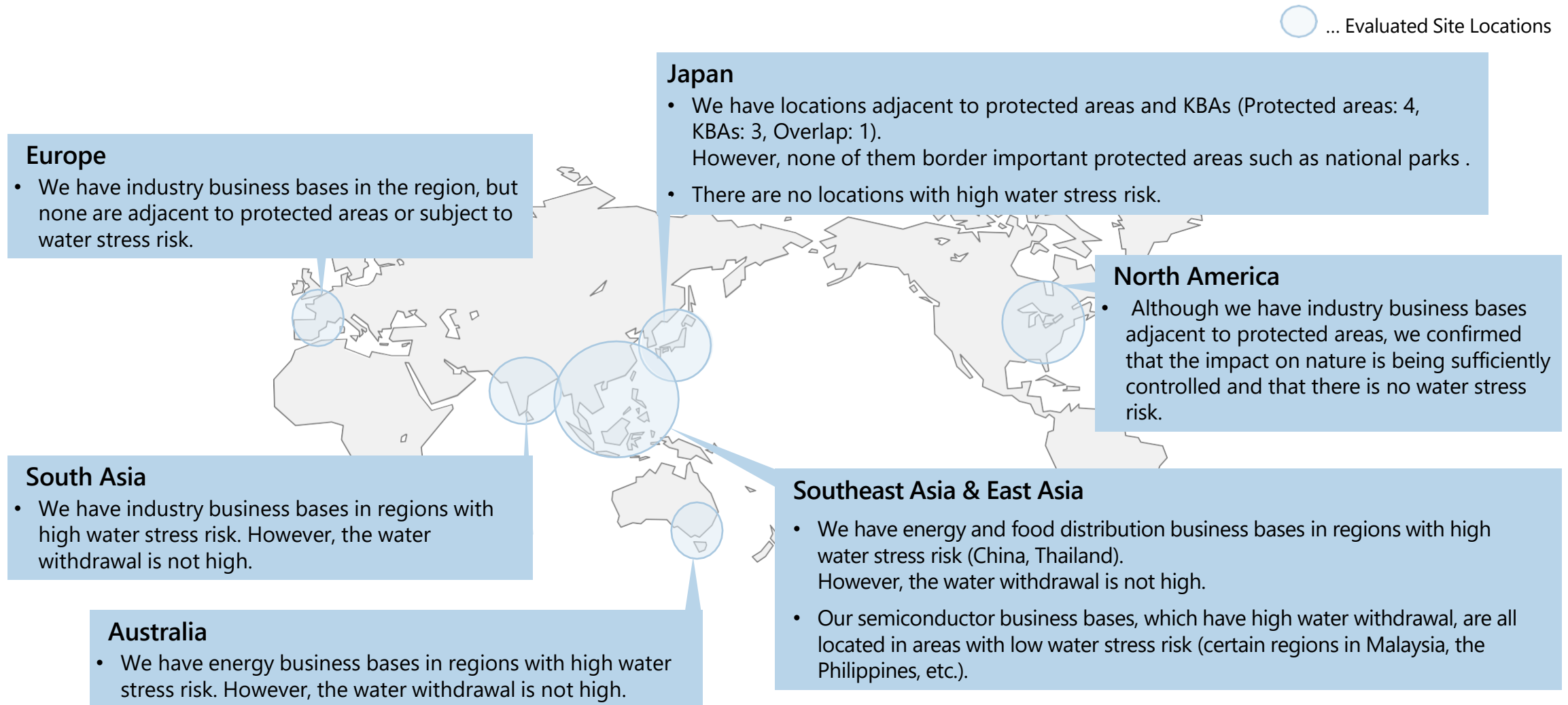
Evaluation Process Aligned with the LEAP Approach

	Own Manufacturing	Upstream Value Chain
Locate Interfaces with nature	Map the location information of all 44 manufacturing sites globally and evaluate the surrounding environmental conditions (protected areas, water risks, ecosystem integrity, etc.).	Evaluate the environmental conditions surrounding the extraction sites of iron and copper, which represent critical raw materials with large procurement volumes.
Evaluate Dependencies and impacts	Identify and assess the scale of nature-related dependencies and impacts within our four core businesses.	Assess the scale of nature-related dependencies and impacts targeting the extraction and manufacturing processes of these critical materials.
Assess Risks and opportunities	Integrate the results of our climate change scenario analysis with the nature-related dependencies and impacts identified across both our own manufacturing and the value chain. Through this, we identify risks and opportunities spanning the entire natural environment—including climate-related aspects—and evaluate them in terms of potential financial impacts and likelihood of materialization.	
Prepare Response and actions	Formulate and execute concrete response measures against the identified material risks and opportunities.	

In accordance with the five criteria recommended by the TNFD—including physical water risk, conservation importance, and ecosystem integrity—we evaluated our 44 manufacturing sites globally using data obtained from external tools and other sources.

Criteria	Evaluation Results	External Tools & Processes Used
Physical Water Risk	Overseas locations in areas with high water stress and drought risk were identified. However, the water withdrawal at these bases is not high.	Evaluated using Aqueduct data provided by the World Resources Institute (WRI).
Conservation Importance & Ecosystem Integrity, etc.	- The number of bases in areas of high conservation priority or ecosystem integrity is small. - However, as some bases were confirmed to be adjacent to protected areas or KBAs established by the relevant country or region, we will make efforts to reduce the impact on nature in those regions. - In addition, there are no bases in close proximity to areas managed by Indigenous peoples and local communities.	Conservation Priority: Assessed proximity to high-priority areas (protected areas and KBAs) using IBAT. Ecosystem Integrity: Evaluated using the Biodiversity Intactness Index. Rapid Degradation of Ecosystem Integrity: Assessed via "Pressures on Biodiversity" (an index showing impact on nature) using the WWF Biodiversity Risk Filter. Importance of Ecosystem Services: Assessed proximity to indigenous peoples and local communities using Global Forest Watch.

We evaluated "Physical Water Risk" and "Conservation Importance" based on the location information of each site.



Tools Used: IBAT (Proximity to Protected Areas), Aqueduct (Water Stress)

We identified and assessed the scale of nature-related dependencies and impacts in our "Electrical Equipment Manufacturing" business. Evaluations were conducted using the TNFD-recommended tool "ENCORE," and the results were organized into a heatmap. Based on these findings, we conducted further assessments reflecting our specific business characteristics.

■ VH ... Very High
 ■ H High
 ■ M Medium
 □ Low / Very Low /
 No Data / NA

		Dependencies														Impacts											
		Supply services		Adjustment and maintenance services												Land use			Resource extraction			Climate change	Pollution			Disturbance	
Industrial Processes defined by TNFD		Biomass resources	Water resource supply	Global climate regulation	Precipitation regulation	Air purification	Soil quality	Soil & sediment retention	Solid waste breakdown	Water purification	Water flow regulation	Flood mitigation	Storm mitigation	Noise attenuation	Habitat conservation	Land realm	Freshwater realm	Ocean realm	Water use	Other biological resource	Other non-biological resources	GHG emissions	Air pollution	Harmful substances	Solid waste	Invasive species	Disturbance
Our Business Areas	Manufacture of power-related electrical equipment		M		M					M	M	M	M											H			M
	Manufacture of industrial electrical equipment		M		M				M	M	M	M	M						M			M	H	H			M
	Manufacture of electronic components and semiconductors		M							M	M	M	M											H			M
	Manufacture of food-related electrical equipment		M							M	M	M	M						M				M	M			M
Key Findings in Our Business Areas		High Dependency: High level of dependency on water resource supply/water purification , as well as flood and storm mitigation .														High Impact: High impact on pollution (air pollution and harmful substances), water use , and GHG emissions .											

Assessments Reflecting Our Business Characteristics

Water Resource Supply & Water Purification:

Although semiconductor manufacturing sites and other facilities require large water withdrawals and have a high dependency on water resources, the local water stress in these areas is low. Therefore, we evaluate the environmental risk regarding supply as "limited."

Flood & Storm Mitigation:

Following risk assessments conducted by an external organization across all 44 manufacturing sites globally, six sites (3 in Japan, 3 overseas) were identified as having flood risks. In response, we have completed physical engineered measures—such as installing flood barrier panels at these target sites and other necessary locations—to minimize potential damage.

Pollution, Water Use, & GHG Emissions:

We have established a rigorous management framework, including installing chemical wastewater treatment facilities and regularly conducting emergency response drills; thus, our impact on aquatic environments is "limited" (no spill accidents exceeding regulatory standards have occurred). Furthermore, in fiscal 2025, we made steady progress in reducing our impacts on air and water quality: VOC emissions decreased by 56% and PRTR-listed substances by 62% compared to fiscal 2019 levels, achieving significant reductions. GHG emissions are also decreasing steadily toward achieving our Fiscal 2030 Goals set under the Environmental Vision 2050.

Regarding the upstream value chain, we examined our dependencies and impacts on natural capital associated with the mineral resources we utilize. The results revealed concerns regarding the impacts of land-use change, water use, and soil pollution across most mineral resources. Therefore, among the raw materials procured by Fuji Electric, we decided to evaluate the risks and opportunities during the extraction and manufacturing phases of iron and copper, which represent materials with large procurement volumes by weight.

Procurement Volumes of Major Materials (FY 2025)

	Purchase Volume (kt)	Percentage (%)
Iron	51	75%
Copper	11	16%
Other Non-ferrous Metals	6	9%
Total	68	100%

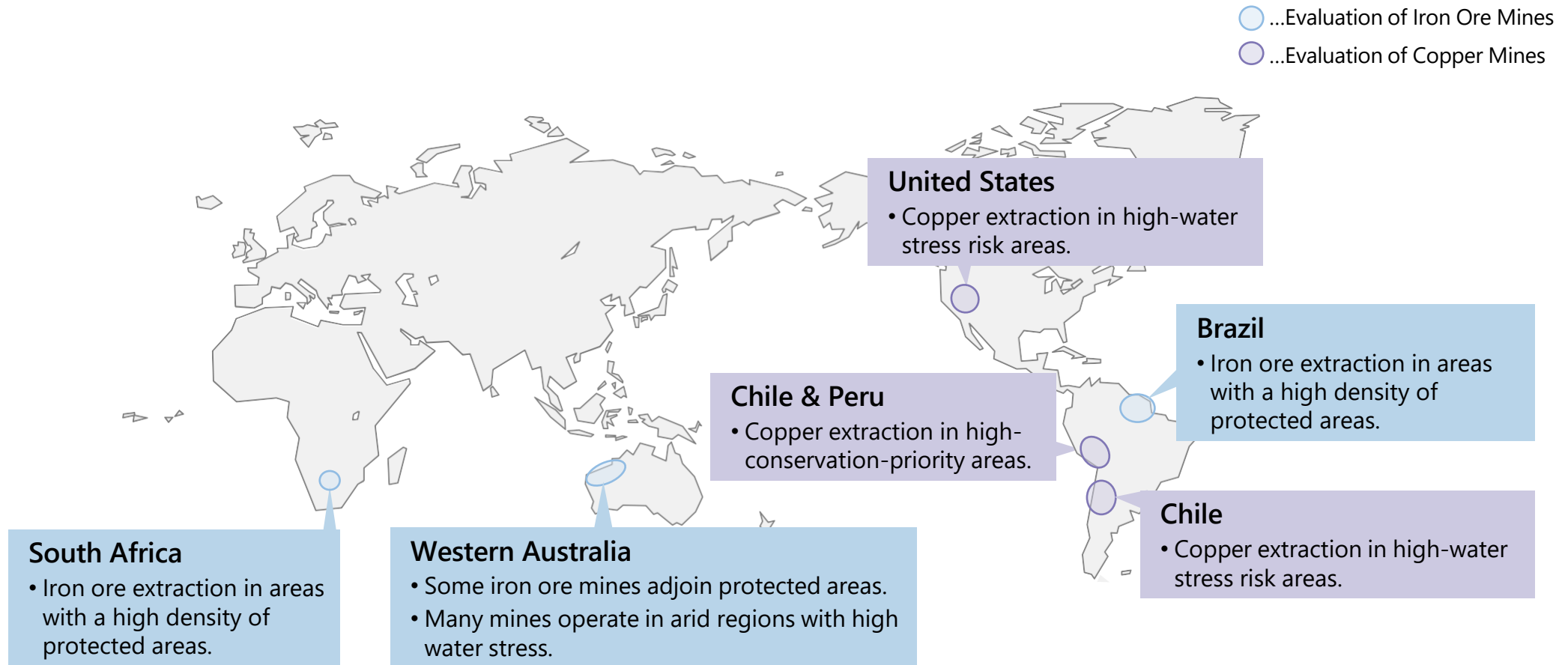
Major Impacts of Mineral Resources

Major impacts

Mineral Resources	Land-use change	Water use	Other resource use	Climate change	Soil pollution	Solid waste	Water pollution	Freshwater pollution	Air pollution	Marine pollution
Coal										
Iron ore										
Copper										
Bauxite										
Aluminum										
Lead										
Nickel										
Silver										
Gold										
Zinc										
Lithium										
Manganese										

Source: SBTN “High Impact Commodity List” <https://sciencebasedtargetsnetwork.org/resources/>

We evaluated "Physical Water Risk" and "Conservation Importance" for iron ore and copper mines based on their location information.



We identified and assessed the scale of nature-related dependencies and impacts during the manufacturing and extraction phases of iron and copper (non-ferrous metals). Like our own manufacturing sites, evaluations were conducted using the TNFD-recommended tool "ENCORE," and the results were organized into a heatmap.

■ VH ... Very High
 ■ H High
 ■ M Medium
 □ Low / Very Low /
 No Data / NA

	Dependencies														Impacts											
	Supply services		Adjustment and maintenance services												Land use			Resource extraction			Climate change	Pollution			Disturbance	
Industrial Processes defined by TNFD	Biomass resources	Water resource supply	Global climate regulation	Precipitation regulation	Air purification	Soil quality	Soil & sediment retention	Solid waste breakdown	Water purification	Water flow regulation	Flood mitigation	Storm mitigation	Noise attenuation	Habitat conservation	Land realm	Freshwater realm	Ocean realm	Water use	Other biological resource	Other non-biological resources	GHG emissions	Air pollution	Harmful substances	Solid waste	Invasive species	Disturbance
Manufacture of iron		H		M					M	H	M	M						M			H	H	VH	M		VH
Extraction of iron ore		H	H	VH			M		VH	H	H	M		M	M	H	H			H	M	M	H	VH		H
Manufacture of non-ferrous metals		M		M	M				M	M	M	M									M	H	VH	M		VH
Extraction of non-ferrous metals		H	H	VH			M		VH	H	H	M		M	M	VH	VH	M		H	M	H	VH	H		VH
Key Findings	• At iron ore and copper extraction sites (mainly in Australia, North America, and South America), there is a high dependency on water resource supply via rainfall and natural processes, as well as water purification .														• As a commonality for both iron and copper, impacts related to harmful substances , pollution , and resources are significant. Copper extraction was evaluated to have a very high impact on freshwater and ocean environments. • GHG emissions from the iron manufacturing process were evaluated to have a high level of impact.											
Assessments Reflecting Our Business Characteristics	■ Water Resource Supply & Water Purification The progression of water stress (drought) and water quality degradation at iron ore and copper extraction sites directly leads to decreased material extraction volumes and operational suspensions. This presents a risk that could cause "procurement stagnation" and "price spikes" for materials indispensable to our products, severely impacting our production plans and profitability.														■ Harmful Substances, Pollution, & Resources If regulations concerning pollutant emissions and waste management are tightened, we anticipate an increase in procurement prices passed through by our suppliers. ■ Resources & GHG Emissions The use of virgin iron significantly impacts the GHG emissions (Scope 3, Category 1) within our supply chain.											

Fuji Electric views climate change and natural capital as "interdependent and integrated management issues ." For instance, extreme weather events caused by global warming accelerate the degradation of natural capital, which in turn can trigger a "vicious cycle" that exacerbates future flood damage. Against this background, we synthesized the analysis results from both TCFD (climate) and TNFD (nature) using a common set of evaluation axes (financial impact, likelihood, and timing) to identify environmental risks and opportunities in an integrated manner. This approach has allowed us to clarify high-priority key initiatives and formulate highly effective response measures.

		Risks/Opportunities		Impacts
		TCFD (P15)	TNFD (P19-22)	
Risks	Acute	Operational suspension due to extreme weather events		Loss of business opportunities from prolonged operational suspension
	Chronic	Difficulty in procuring water resources	Reduction in available water resources	Increased water resource costs
	Policy and Legal	- Introduction of carbon taxes - Decarbonization requirements in the supply chain	- Stricter regulations on water use and pollution - Stricter regulations on eco-friendly product design	- Surging energy costs - Increased regulatory compliance costs
	Technology Market and Reputation	- Delayed decarbonization at manufacturing sites - Tight supply of decarbonization-related materials	- Adverse impacts on ecosystems from water use and pollution - Delayed development of technologies contributing to resource circulation	- Loss of market trust and reputational damage - Increased material procurement costs - Decline in market competitiveness
Opportunities		- Accelerated development of eco-friendly products - Increased demand and market expansion for environmental contribution products - Increased demand for environmental and disaster-prevention products - Accelerated shift toward next-generation infrastructure	- Promoting recycled material use and transition to eco-friendly products - Expanding products and services for pollutant emission control and disaster mitigation	Expansion and creation of business opportunities

The identified risks integrated across both "climate change" and "natural capital," along with their corresponding "financial impact," "likelihood," "time horizon," and "response measures," are outlined below.

Category		Driver	TC FD	TN FD	Potential Risks to Fuji Electric	Financial impact	Likelihood	Time horizon	Response Measures
Physical risks	Acute	Floods/ Storms	●	●	• Operational suspension and supply chain disruptions due to extreme weather events	H	L	MT- LT	- Implement floodproofing measures and BCPs at domestic and overseas manufacturing sites →P.30 - Strengthen supply chain resilience through multi-sourcing for critical suppliers →P.32
	Chronic	Water resource depletion and water quality degradation	●	●	• Delays in material extraction and production processes driven by difficulties in water procurement and ecosystem degradation	M-H	L	LT	- Improve water recycling rates at semiconductor manufacturing sites to prepare for future drought risks →P.33 - Formulate design standards for utilizing recycled materials to reduce dependency on natural resources
Transition risks	Policy and Legal	GHG emissions	●		• Increased costs due to the introduction of carbon taxes	H	M	MT	- Promote the shift to non-fossil energy for fuels used in production processes - Request suppliers to set CO₂ reduction targets and enhance support for their reduction initiatives
		Water use, pollution, and resource circulation	●	●	• Increased costs driven by stricter regulations on emissions, water use, and natural resource consumption	M-H	M-H	MT- LT	- Minimize water withdrawal and VOC emissions anticipating future regulatory tightening - Maintain profitability and reduce costs through eco-friendly designs compliant with the EU Eco-design Regulation and the adoption of disassembly technologies
	Market	GHG emissions	●		• Loss of market trust due to delayed response to decarbonization	H	H	ST- MT	Promote solar power installation, equipment upgrades, and renewable electricity procurement based on SBTi-validated targets →P.34
		Resource circulation	●	●	• Tight supply of decarbonization-related materials such as copper and rare earths	H	M	LT	Secure strategic procurement routes and enhance natural resource traceability
	Reputation	Water use, pollution		●	• Occurrence of adverse impacts on ecosystems from business activities	L-M	L	LT	Thoroughly monitor water quality and recover chemical substances / Build trust with local communities through dialogue →P.35
	Technology	GHG emissions Resource circulation	●	●	• Delayed development of technologies contributing to decarbonization and resource circulation	H	M	MT	Drive initiatives through the "GX Product Strategy Team" aiming for environmental contribution through our products

*Financial impact — H: Material financial impact; M/L: Moderate to minor impact

*Time Horizon — ST: Materialized; MT: Projected by 2030; LT: Projected by 2050

*Likelihood — H: Already materialized; M/L: Moderate to low probability by 2030

Note: Specific case studies are featured on the indicated page numbers.

The identified opportunities integrated across both "climate change" and "natural capital," along with their corresponding "financial impact," "likelihood," "time horizon," and "response measures," are outlined below.

Impact / Likelihood: H (High), M (Medium), L (Low) | Time Horizon: ST (Short-term), MT (Medium-term), LT (Long-term)

Category	Driver	TC FD	TN FD	Opportunities for Fuji Electric to Capture and Contribute to	Financial impact	Likelihood	Time horizon	Response Measures
Opportunities	Products & Services			Increased demand and market expansion for environmental contribution products (capturing new needs and rising demand for products related to fuel switching, the electrification of thermal processes, the expansion of renewable energy, the electrification of mobility, and energy saving)	H	H	ST-MT	Strengthening the development of Environmental Contribution Products that contribute to hydrogen production, electrification, grid stabilization, the electrification of mobility, and energy saving →P.36
				Capturing new needs through recycled material use and transition to eco-friendly products	M	M	MT	Accelerate early transition to products compliant with the EU Eco-design Regulation and develop technologies for utilizing recycled materials
				Addressing needs for pollutant emission control and disaster prevention/mitigation	M	M	ST-MT	Advance technological development for ammonia as a decarbonized fuel, and contribute to disaster prevention/mitigation through high-sensitivity measurement and leak-detection technologies
	Biodiversity Conservation			Enhancing corporate value and reputation through the restoration of ecosystem services	L	H	ST-LT	Contribute to local ecosystem restoration through conservation activities for forests, rivers, and coastlines →P.37

*Impact — H: Material financial impact; M/L: Moderate to minor impact

*Likelihood — H: Already materialized; M/L: Moderate to low probability by 2030

*Time Horizon — ST: Materialized; MT: Projected by 2030; LT: Projected by 2050

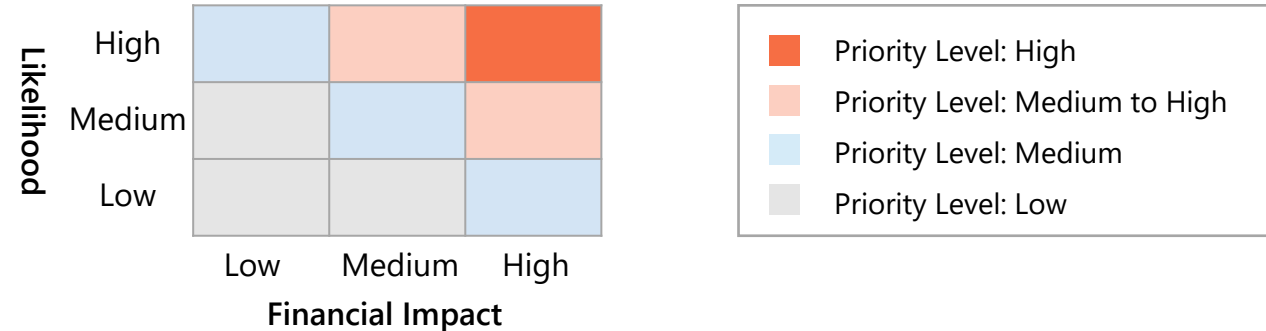
As a result of this series of evaluations, no material risks that would impede our business continuity have been recognized at this stage, and it was reaffirmed that we view contributions to environmental issues as definitive opportunities. Under both the 1.5°C and 4°C scenarios, we believe that Fuji Electric possesses high resilience in the medium- to long-term transition toward a decarbonized society and a society in harmony with nature, by steadily advancing concrete countermeasures against the identified risks and flexibly adapting to market trends.

Note: Specific case studies are featured on the indicated page numbers.

We evaluated the priority levels of the assessed risks and opportunities based on qualitative criteria, identifying those categorized as 'High' (the highest priority) requiring immediate action.

■ Evaluation Criteria

(Common to Risks and Opportunities)



■ Risks and Opportunities Categorized as "High" priority

1. Risks

- Loss of market trust due to delayed response to decarbonization

2. Opportunities

- Increased demand and market expansion for environmental contribution products
(Capturing new needs driven by fuel switching, renewable energy expansion, and electrification of thermal processes)

"High" Priority Risks and Opportunities

We identified the financial impacts of the risks determined to be of "High" priority.

■ Loss of market trust due to delayed response to decarbonization

We are implementing the following three response measures:

- i. [Investment] Install solar power equipment at our own factories
- ii. [Investment] Upgrade equipment (production facilities, HVAC, lighting, etc.) *1
- iii. [Expense] Procure electricity derived from renewable energy *2

We have estimated the capital investments and expenses required for the above initiatives up to fiscal 2030 *3, starting our calculations from fiscal 2023 and reviewing them annually.

*1: "Upgrade equipment" refers to the total capital investment (CAPEX) for equipment upgrades that provide energy-saving effects and the electrification of fuel-consuming equipment.

*2: Expenses for renewable electricity refer to the cost of purchasing "environmental value" (zero-CO₂ emissions).

*3: The target year established in the Environmental Vision 2050.

We are advancing our responses to the opportunities identified as having "High" priority.

■ Increased demand and market expansion for environmental contribution products

Toward the transition to a decarbonized society, an increase in demand is expected in the short term in sectors such as the expansion of renewable energy adoption, the electrification of mobility, and energy conservation. Furthermore, over a medium-term span looking toward 2030, market expansion is forecasted in fields like fuel switching to hydrogen and ammonia, as well as the electrification of thermal processes. Viewing these as further growth opportunities for Fuji Electric, we are strengthening our initiatives toward creating products that deliver environmental value to our customers (environmental contribution products).

In FY2025, the majority of our R&D expenditures of 39.7 billion yen is allocated to the development and research of environmental contribution products.

In June 2026, we revised the costs associated with our decarbonization response (i + ii + iii) as follows:

FY2023–2030 (Cumulative)

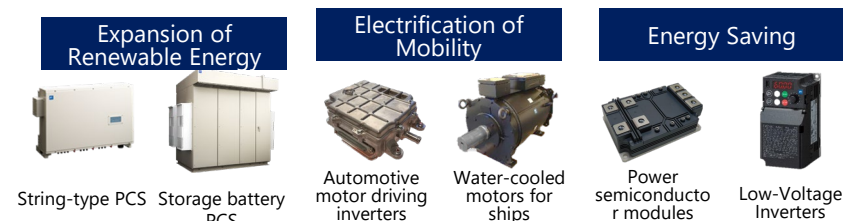
Total: Approx. ¥25.0 billion

+ Approx. ¥1.0 billion

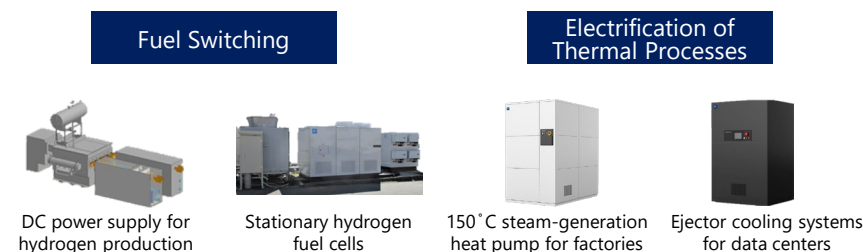
compared to the previous year's estimation

■ Examples of Environmental Contribution Products (Including those under development)

- Products Meeting Current Demand Growth



- Products Anticipating Market Expansion Beyond 2030



Strategy

Action Reports on Mitigation and Adaptation

Among the response measures for risks and opportunities (Pages 24 and 25), we introduce seven case studies of initiatives that have already been launched and are yielding successful results.

Themes		Driver	Potential Risks to Fuji Electric / Opportunities for Fuji Electric to Capture and Contribute to	Response Measures
Physical risks	① Addressing Flood Risks (Own operation)	Floods/ Storms	Operational suspension and supply chain disruptions due to extreme weather events	Implement floodproofing measures and BCPs at domestic and overseas manufacturing sites →P.30
	② Addressing Flood Risks (Upstream)			Strengthen supply chain resilience through multi-sourcing for critical suppliers →P.32
	③ Reducing Water Withdrawal	Water resource depletion and water quality degradation	Delays in material extraction and production processes driven by difficulties in water procurement and ecosystem degradation	Improve water recycling rates at semiconductor manufacturing sites to prepare for future drought risks →P.33
Transition risks	④ Reducing Production GHG Emissions	GHG emissions	Loss of market trust due to delayed response to decarbonization	Promote solar power installation, equipment upgrades, and renewable electricity procurement based on SBTi-validated targets →P.34
	⑤ Reducing VOC Emissions	Water use, pollution	Occurrence of adverse impacts on ecosystems from business activities	Thoroughly monitor water quality and recover chemical substances / Build trust with local communities through dialogue →P.35
Opportunities	⑥ Creating Environmental Contribution Products	Decarbonization	Increased demand and market expansion for environmental contribution products (capturing new needs and rising demand for products related to fuel switching, the electrification of thermal processes, the expansion of renewable energy, the electrification of mobility, and energy saving)	Strengthen the development of Environmental Contribution Products that contribute to hydrogen production, electrification, grid stabilization, the electrification of mobility, and energy saving →P.36
	⑦ Regional Contribution Activities	Protecting the Natural Environment	Enhancing corporate value and reputation through the restoration of ecosystem services	Contribute to local ecosystem restoration through conservation activities for forests, rivers, and coastlines →P.37

① Addressing Flood Risks (Own Operations)

Driver	Potential Risks to Fuji Electric	Response Measures
Floods/ Storms	Operational suspension due to extreme weather events	Implement floodproofing measures and BCPs at domestic and overseas manufacturing sites

■ Risk Identification and Assessment Process

For the assessment, we conducted a screening of all 44 domestic and overseas manufacturing sites, utilizing objective external data such as local government hazard maps and Aqueduct (see page 17). As a result, we identified 6 sites (3 in Japan and 3 overseas) as having "active" flood risk, where the maximum predicted flood depth during extreme weather events is 0.5 meters or more—a level at which above-floor flooding typically begins to cause damage to production equipment.

■ Driving Risk Countermeasures (Enhancing Resilience)

To address the identified risks, we are promoting both "structural (hardware) and non-structural (software)" measures designed to minimize damage and ensure rapid recovery. Furthermore, precautionary measures tailored to specific locational conditions are being implemented not only at the 6 sites identified as having active risk but also at other sites with potential flooding vulnerabilities.

- **Structural Measures (Equipment Protection):** We avoid physical damage by installing flood barriers to prevent water from entering buildings, reinforcing drainage pumps, and relocating critical components and product racks to higher elevations.
- **Non-Structural Measures (Advancing BCP):** We have formulated and put into operation the "Flood Response Action Timeline*." By defining a chronological sequence of actions from the early warning stages of a disaster through to recovery, we have established a framework that prevents human casualties and enables swift business resumption.

* Flood Response Action Timeline: An action plan that organizes disaster prevention activities chronologically, outlining "when," "who," and "what" to do in accordance with the progression of the disaster.

■ Installation of Flood Barriers (Mie Factory)

The Mie Factory, a core manufacturing facility of the Food and Beverage Distribution Business Group, installed flood barriers in March 2024 and put them into operation. Although the maximum predicted flood level at the Mie Factory during an emergency is less than 0.5 meters, certain locations carry an inflow risk. Therefore, we installed a flood barrier at the South Gate, which was identified as the vulnerable area among the site's three gates.



■ Deployment Drills for Flood Protection Equipment (Fukiage Factory)

To achieve the goal outlined in the Flood Response Action Timeline—"Complete the installation of flood protection equipment at least 24 hours prior to disaster onset"—the Fukiage Factory conducts regular drills. These drills aim to verify the actual time required for deployment and to identify potential challenges during installation. By physically assembling the flood barriers during these exercises, we actively work on countermeasures for any issues that come to light.



■ Installation of Flood Barriers

At sites with high flood risks, we have attached specialized fixtures to factory building entrances, anticipating the deployment of flood barriers during a flood event. In conjunction with this, we are reviewing and updating the Flood Response Action Timeline for each factory.

Additionally, we conduct flood response drills with a strong focus on enabling anyone to respond swiftly and accurately, regardless of when a flood occurs—be it during the day, at night, or over holidays.



② Assessing and Addressing Flood Risks (Upstream)

Driver	Potential Risks to Fuji Electric	Response Measures
Floods/ Storms	Supply chain disruptions due to extreme weather events	Strengthen supply chain resilience through multi-sourcing for critical suppliers

■ Assessing and Addressing Flood Risks for Suppliers

Flood risks also exist within our supply chain. If a supplier is affected by a disaster and the delivery of components is delayed, it brings a significant impact to our manufacturing. Therefore, from 2022 to 2024, we evaluated the flood risks of critical suppliers that affect our business continuity (focusing on single-source suppliers and those with high purchase volumes). For suppliers where flood risks were identified, we transition to multi-source procurement and strengthen management control measures.

■ Risk Identification

- **Target of Evaluation:** 357 companies (Single-source: 142 domestic and overseas companies; Key primary manufacturers: 215 domestic companies)
- **Evaluation Method:** Conducted objective simulations of maximum predicted flood depths using hazard maps and external data.
- **Evaluation Results:** 158 companies identified as having "active" flood risk (Single-source: 78 companies; Key primary manufacturers: 80 companies)

■ Execution of Countermeasures

We are implementing the following countermeasures for all 158 companies determined to have active risk:

- **Transition to Multi-Source Procurement (Multiple Sourcing): 50 companies**
Secured alternative procurement sources to physically diversify risk.
- **Strengthened Management Control Measures: 108 companies**
For suppliers where substitution is difficult, we individually verified their BCP formulations and building floodproofing measures, confirming that there is "no disruption to supply." Moving forward, we will additionally promote stable procurement by strengthening inventory management.

③ Reducing Water Withdrawal

Driver	Potential Risks to Fuji Electric	Response Measures
Water resource depletion and water quality degradation	Delays in material extraction and production processes driven by difficulties in water procurement and ecosystem degradation	Improve water recycling rates at semiconductor manufacturing sites to prepare for future drought risks

As our mother factory for semiconductors, the Matsumoto Factory focuses on wafer fabrication (front-end processes) and therefore uses large amounts of pure water in the manufacturing process, as well as a lot of water for cooling production equipment. Therefore, reducing water usage and utilizing our water resources effectively have become important initiative themes.

■ Recycling Back Grinding (BG) Wastewater and Converting Leftover Materials into Valuable Resources

In the wafer back grinding (BG) process, wastewater containing cutting debris could not previously be recycled; the water was treated as wastewater and the debris as industrial waste. To address this, we transitioned to a system that separates and removes solid content, such as cutting debris, from the wastewater, reusing the clarified water as raw water to produce pure water. At the same time, through collaboration with a specialized company, the recovered cutting debris is extracted and recycled as valuable resources within the treatment process, leading to a substantial reduction in waste and a decrease in disposal costs. This initiative has suppressed the volume of new pure water production and wastewater discharge, while also reducing the factory's wastewater treatment load.



Grinding Debris Recovery Membrane Unit

■ Recycling Dicing Wastewater

In the dicing process where wafers are cut into individual chips, wastewater containing cutting debris also could not previously be recycled; the water was treated as wastewater and the debris as industrial waste. In response, in fiscal 2025, we introduced a recycling system to the Si (silicon) line at the Matsumoto Factory that removes cutting debris from dicing wastewater, purifies the water, and returns it to the process as pure water. For fiscal 2026, we plan to additionally introduce this system to the SiC (silicon carbide) line at the Matsumoto Factory and to the Yamanashi Factory. This will reduce pure water usage and the volume of wastewater discharged into the public sewage system, thereby lowering our environmental impact.



Dicing Wastewater Recycling System

④ Reducing Production GHG Emissions

Driver	Potential Risks to Fuji Electric	Response Measures
GHG emissions	Loss of market trust due to delayed response to decarbonization	Promote solar power installation, equipment upgrades, and renewable electricity procurement based on SBTi-validated targets

In fiscal 2022, we launched the "Renewable Energy Introduction Promotion Project" with the goal of maximizing the installation of solar power generation equipment at our domestic and overseas manufacturing sites (excluding sites where installation is not feasible due to structural limitations such as building strength). Starting with the Suzuka Factory in March 2023, these systems have successively commenced operations at various factories.

	FY 2023	FY 2024	FY 2025
Key Factories Commencing Operations Indicates power generation capacity (Unit: MW)	 Tokyo Factory (1.2) • Suzuka Factory (2.3) • Fuji Electric Philippine (1.9)	 Mie Factory (1.5) • Chiba Factory (2.5) • Ohtawara Factory (0.5) • Fukiage Factory (0.8) • ChiChibu Fuji (0.4)	 Kobe Factory (0.3) • Saitama (0.5) • Hakko Electronics (0.1)
Total Power Generation* (Unit: 10,000 kWh)	1,221	1,769	1,872

* Total Power Generation: Company-wide total solar power generation, including existing installations.

⑤ Reducing VOC Emissions

Driver	Potential Risks to Fuji Electric	Response Measures
Water use, pollution	• Occurrence of adverse impacts on ecosystems from business activities	• Thoroughly monitor water quality and recover chemical substances / Build trust with local communities through dialogue

The Shenzhen Factory in China, which produces photoconductors, uses large amounts of volatile organic compounds (VOCs) in manufacturing processes such as coating, drying, and cleaning. Since VOC emissions can cause air pollution and potentially impact ecosystems, the factory treats reducing VOC emissions and recovering resources as one of its highest-priority initiatives, aiming to preserve the local environment and lessen the burden on natural capital.

Operating a VOC Recovery System Using the Activated Carbon Adsorption Method

The gas discharged from the drying process in manufacturing contains high concentrations of VOCs. Rather than releasing this exhaust gas directly into the atmosphere, the Shenzhen Factory directs it to a large-scale VOC recovery system. The system employs an adsorption method using activated carbon to efficiently capture and separate VOC components from the exhaust, reducing atmospheric emission concentrations to levels significantly below the strict local environmental regulatory limits. Through this, we contribute to maintaining ambient air quality around the factory and mitigating risks to the ecosystem.



VOC Recovery System

Purifying and Reusing Recovered Solvents for Resource Circulation

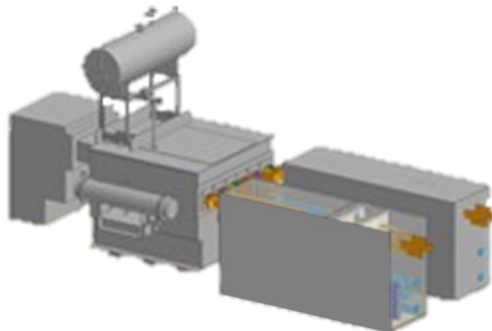
Rather than simply disposing of the VOC liquids recovered by the adsorption system, we are driving initiatives to utilize them effectively as resources. The recovered liquid is processed through on-site distillation and purification equipment to remove impurities, regenerating it to a purity level that allows for reuse in the manufacturing process. By establishing this "closed-loop" system, we have suppressed the purchase volume of new organic solvents, simultaneously achieving a reduction in costs and a decreased dependency on natural capital associated with raw material procurement.

⑥ Creating Environmental Contribution Products

Driver	Opportunities for Fuji Electric to Capture and Contribute to	Response Measures
Decarbonization	Increased demand and market expansion for environmental contribution products (capturing new needs and rising demand for products related to fuel switching, the electrification of thermal processes, the expansion of renewable energy, the electrification of mobility, and energy saving)	Strengthen the development of Environmental Contribution Products that contribute to hydrogen production, electrification, grid stabilization, the electrification of mobility, and energy saving.

Key Environmental Contribution Products

DC power supply for hydrogen production (Currently under development)



- Achieved overwhelming downsizing and high efficiency through the adoption of the inverter system
- Applications:
Large-scale hydrogen production plants

Ejector cooling systems



- Achieved substantial energy saving in liquid cooling systems by eliminating compressors
- Applications: Data centers

Storage battery PCS



- Contributes to grid stabilization by suppressing output fluctuations during sudden changes in renewable energy power generation
- Applications:
Renewable energy power plants and grid-scale energy storage stations

⑦ Regional Contribution Activities

Driver	Opportunities for Fuji Electric to Capture and Contribute to	Response Measures
Protecting the Natural Environment	Enhancing corporate value and reputation through the restoration of ecosystem services	Contribute to local ecosystem restoration through conservation activities for forests, rivers, and coastlines

Fuji Electric conducts various initiatives to protect the natural environment, driven by the leadership of each region and site.

Fields	Details	Activity Examples
Forest Preservation Activities	These activities aim to restore and preserve the multi-faceted functions that enable woodlands to safeguard against landslide damage and floods, and to promote biodiversity and absorption of carbon dioxide, through tree planting, pruning and thinning out.	- Forest restoration (Azumino City, Nagano Prefecture and Tsukuba City, Ibaraki Prefecture) - Tree planting activities in China (Zhuhai City, Guangdong Province), India and Philippines - Kumano Kodo preservation activities in Wakayama Prefecture - Yushan Mountain cleanup activities in China (Changshu City, Jiangsu Province) - Old and valuable tree preservation activities in China (Shanghai City) - Cooperation with Takao Forest-Restoration Group in Hachioji City in Tokyo
Marine and River Preservation Activities	Fuji Electric is helping prevent pollution to water ecosystems through beach and river cleanup activities.	Beach cleanup activities in Japan, Taiwan, Singapore, Vietnam, Philippines and India
Biodiversity Preservation Activities	Activities contributing to the conservation of biodiversity by protecting the earth's ecosystem, with its wide variety of living organisms.	- Development of Musashino no Mori at the Tokyo Factory - Reclaiming abandoned farmland in Aichi Prefecture - Mangrove planting in Thailand and Philippines - Removing invasive alien plants in Shanghai City, China

We introduce selected case studies of local contribution activities driven by the leadership of each region and site.

■ Mangrove Planting Activities

On April 26, 2024, Fuji Tusco Co., Ltd. (Thailand) planted mangrove saplings at the Bampu Recreation Center in Samut Prakan Province. Mangrove forests play a vital role in preventing coastal erosion, providing habitats for marine life, and supporting the natural balance by absorbing carbon dioxide. On the day of the event, 63 employees participated. Together, they planted seedlings along the shoreline and also engaged in a nearby cleanup activity. This hands-on experience allowed everyone to learn about environmental conservation while actively contributing, making it a valuable opportunity to feel the importance of protecting the environment firsthand.



■ Protecting Nature with a Forest Foster Parent Program

On October 13, 2025, as part of its CSR activities, Fuji Electric Meter Co., Ltd. participated in the forest Foster Parent Program, which is promoted by Azumino City. It was attended by a group of about 30 employees and their family members as well as Azumino City staff members, who cut undergrowth with brush cutters and thinned trees with chainsaws. Then, we held a trial wood-chopping session and had a barbecue where participants could socialize. Participants commented that it was a valuable experience and that they enjoyed it very much.



Risk & impact management

Fuji Electric systematically manages 'environmental risks,' including climate change and environmental pollution, on a company-wide basis in accordance with the 'Fuji Electric Risk Management Regulations.' By establishing a framework in which each Business Group manages domestic and overseas subsidiaries, we aim to prevent risks and minimize their impacts across the entire Group.

■ Risk Management Process (PDCA)

To identify and mitigate risks, we execute the following process each fiscal year:

- 1. Beginning of Fiscal Year: Identify and evaluate risks (Plan/Do)**
 - Extract risks with a high impact on management
 - Assess the materiality of each risk and prioritize countermeasures
 - Formulate response policies and establish specific action plans for countermeasures
 - Develop and organize risk management frameworks
- 2. Mid-Year: Conduct an interim follow-up (Check)**
 - Review progress and conduct intermediate assessments at the half-year mark
- 3. End of Fiscal Year: Improve and implement risk countermeasures (Action)**
 - Conduct annual evaluations on the effectiveness of countermeasures
 - Formulate risk countermeasure proposals for the following fiscal year based on the evaluation results

Annual Risk Management Process



■ Addressing Human Rights and Labor Risks

Regarding risks related to "human rights and labor," we conduct a self-assessment based on international standards once every two years, covering all domestic and overseas business sites and consolidated subsidiaries. Evaluations are performed in accordance with the "Guidelines for Respecting the Human Rights of Employees," and corrective guidance is provided to any site where issues are identified. The evaluation results and the status of countermeasures from these processes are regularly reported to the Sustainability Committee.

Risks related to "human rights" and the "environment," including "climate change" and "environmental pollution" within our supply chain, are managed in accordance with the "Fuji Electric's CSR Procurement Guidelines." We conduct an annual CSR assessment for our major suppliers to evaluate these risks (FY2025 results: 893 companies).

In addition to written evaluations, we initiated on-site audits through physical visits in fiscal 2024, targeting companies that deemed to require strengthened environmental initiatives (primarily small and medium-sized suppliers). In fiscal 2025, we conducted on-site audits for 24 companies to verify local workplace conditions. Simultaneously, we directly communicated our policies and initiatives regarding CSR—including environment and human rights—and requested their cooperation.

In 2026, we revised the "Biodiversity Action Guidelines" (see page 11). Based on this policy, across all of our business activities including our global supply chain, we will drive the understanding and management of our dependencies, impacts, risks, and opportunities related to natural capital, including biodiversity and ecosystems.

Fuji Electric's CSR Procurement Guidelines (Excerpt)

Environment

- 1. Environmental Permits and Reporting
- 2. Reduction in Energy Consumption and Greenhouse Gas Emissions
- 3. Emissions into the Atmosphere
- 4. Water Management
- 5. Effective Utilization of Resources and Waste Management
- 6. Management of Chemical Substances
- 7. Management of Chemical Substances Contained in Products

Human Rights and Labor

- 1. Prohibition of Forced Labor
- 2. Prohibition of Child Labor
- 3. Consideration for Young Workers
- 4. Consideration for Working Hours
- 5. Adequate Wages and Benefits
- 6. Prohibition of Inhumane Treatment
- 7. Prohibition of Discrimination
- 8. Workers' Right to Organize

Metrics & targets

Fuji Electric establishes indicators and conducts monitoring for our key themes: 'Decarbonization,' 'Circular Economy & Natural Resources,' and 'Water Resources & Environmental Pollution.'

Themes	Monitoring Items	Metrics	FY2025 Results	YoY Change	Trends*
Decarbonization	Greenhouse gas emissions through production	Scope1 Emissions	116 kt	-9%	● ↓ Improved
		Scope2 Emissions	155 kt	-24%	● ↓ Significantly Improved
		Renewable Energy Consumption	123,162 MWh	+300%	● ↑ Significantly Improved
	Greenhouse gas emissions throughout the supply chain	Scope3 Emissions	54,446 kt	-2%	● → Flat YoY
Circular Economy Natural Resources	Waste	Waste Generated	30,859 t	+1%	● → Flat YoY
		Waste Landfilled	24 t	-48%	● ↓ Significantly Improved
	Key Materials	Steel Purchase Volume	51 kt	-6%	● ↓ Improved
		Non-Ferrous Metal Purchase Volume	17 kt	-6%	● ↓ Improved
Water Resources Environmental Pollution	Water Resources	Water Withdrawal	9,964 ML	-2%	● → Flat YoY
		Water Recycled	2,723 ML	+1%	● → Flat YoY
	Emissions to the Atmosphere	PRTR-Listed Substance Emissions	341 t	-12%	● ↓ Improved
		Volatile Organic Compound (VOC) Emissions	471 t	-7%	● ↓ Improved

* How to Read Trends (YoY): Flat YoY: Within±3%, Improved / Worsened: From±3% to less than±15%, Significantly Improved / Significantly Worsened: ±15% or more

We have established KPIs and FY2030 targets for our key initiatives.

To achieve our FY2030 goals, we set annual targets and execute rolling activities toward achieving them.

Target Items	KPI	Targets for FY 2030
Reducing Greenhouse Gas Emissions	Greenhouse gas emissions throughout the supply chain	Over 46% reduction compared to FY2019 67 million t or less
	Reduce greenhouse gas emissions during production	Over 46% reduction compared to FY2019 250 kt or less
Reducing Water Withdrawal	Water intake per unit of net sales	1.2 ML / 100 million yen
Reducing Waste Emissions	Ratio of waste sent to landfill	Less than 0.5%
Reducing Hazardous Substance Emissions	VOC Emissions	800 t or less

Appendix

Glossary

TCFD	The acronym for the Task Force on Climate-related Financial Disclosures. Established in 2015 by the Financial Stability Board (FSB), it released its final recommendations in June 2017, providing an international framework for companies to disclose climate-related risks and opportunities to investors.
TNFD	The acronym for the Taskforce on Nature-related Financial Disclosures. Launched in 2020 by UN agencies, the WWF, and other organizations, this international initiative develops a framework for companies to assess and disclose their dependencies and impacts on natural capital, aiming to redirect financial flows toward nature-positive outcomes.
The Paris Agreement	An international framework for post-2020 climate change action, adopted at the 21st Conference of the Parties to the UNFCCC (COP21) in 2015. It aims to keep the increase in the global average temperature well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C. Member countries are required to submit emissions reduction targets every five years and implement mitigation measures.
The Glasgow Climate Pact	The outcome document adopted at the 26th Conference of the Parties to the UNFCCC (COP26) held in Glasgow, UK, in November 2021. It established a global consensus to pursue efforts to limit the global average temperature increase to within 1.5°C above pre-industrial levels.
IPCC	The acronym for the Intergovernmental Panel on Climate Change. Established by the World Meteorological Organization (WMO) and the United Nations Environment Program (UNEP), it is an intergovernmental body that assesses and provides scientific knowledge on climate change.
SBTi Validation	A validation granted to companies whose greenhouse gas emissions reduction targets meet scientific criteria. It is managed by the Science Based Targets initiative (SBTi), a partnership between CDP, the UN Global Compact, the World Resources Institute (WRI), and the World Wildlife Fund (WWF).
Kunming-Montreal Global Biodiversity Framework	An international framework for biodiversity adopted at COP15 in December 2022. Consisting of a 2050 Vision and a 2030 Mission, it notably calls for not only halting but reversing biodiversity loss by 2030 to achieve a "nature-positive" world.
ESPR	The Eco-design for Sustainable Products Regulation. It requires products distributed in the European Union (EU) market to minimize their carbon footprint and environmental impacts throughout their entire life cycle. Enforced in July 2024.
Carbon Neutrality	A state in which greenhouse gas emissions are balanced by absorption and removal (such as by forests), resulting in an effectively zero total.

Circular Economy	An economic system that utilizes resources cyclically, moving away from the conventional "take-make-waste" linear model. It aims to generate added value without producing waste and by minimizing resource inputs, integrating reuse and remanufacturing from the initial product and service design stage.
Green Supply Chain	An initiative aimed at reducing environmental impacts across the entire supply chain, encompassing raw material procurement, manufacturing, logistics, sales, and disposal.
LEAP Approach	A framework recommended by the TNFD for assessing nature-related risks and opportunities. It is an acronym for the four sequential steps: Locate (discover nature-related interfaces), Evaluate (diagnose dependencies and impacts), Assess (assess risks and opportunities), and Prepare (prepare to respond and report).
GX	The acronym for Green Transformation. It refers to efforts to shift the fossil-fuel-reliant industrial and social structure into one centered on clean energy, transforming the entire economic and social system. The Japanese government drives GX to achieve decarbonization, a stable energy supply, and economic growth simultaneously toward 2050.
DX	The acronym for Digital Transformation. It refers to transforming business models, products, and operational processes by utilizing data and digital technologies—such as AI, IoT, and big data—to establish a competitive advantage for companies and society.
Water Stress	The degree of water scarcity relative to demand. While multiple metrics exist, the United Nations defines a region as water-stressed when its annual water availability falls below 1,700 cubic meters per person.
VOC	The acronym for Volatile Organic Compounds. A collective term for organic compounds that easily evaporate into the atmosphere.
PRTR-Listed Substances	Hazardous chemical substances subject to the Pollutant Release and Transfer Register (PRTR) system. Facilities that handle or manufacture these substances are required to monitor and report their annual release and transfer volumes to government authorities.
Ecosystem Integrity	The degree to which a local ecosystem maintains its original, natural state. It is an indicator that quantifies changes in species populations compared to pristine conditions; a higher value indicates a healthier and better-preserved natural environment.
KBA	The acronym for Key Biodiversity Areas. Sites globally identified as being of exceptional importance for the persistence of biodiversity, including habitats for endangered species and pristine ecosystems, based on standardized international criteria.
Aqueduct	A global water risk mapping tool developed by the World Resources Institute (WRI) to assess water stress, drought, and flood risks across different regions.

IBAT	The acronym for the Integrated Biodiversity Assessment Tool. A tool used to assess the conservation priority of business sites based on global data regarding protected areas and Key Biodiversity Areas (KBAs).
Biodiversity Intactness Index	An indicator that shows how much of a local ecosystem's natural state remains intact, calculated based on changes in species populations.
WWF Biodiversity Risk Filter	The acronym for the WWF Biodiversity Risk Filter. A tool provided by the World Wildlife Fund (WWF) to assess the environmental risks and impacts that business activities pose to nature.
Global Forest Watch	A free online platform developed by the World Resources Institute (WRI) that utilizes satellite data to monitor and publicly disclose global deforestation and land-use changes.
Pressures on Biodiversity	Direct factors (pressures) that negatively affect biodiversity and accelerate species decline and extinction. The five main drivers include habitat destruction, overexploitation of resources, climate change, pollution, and the introduction of invasive species.
ENCORE	The acronym for Exploring Natural Capital Opportunities, Risks and Exposure. A tool designed to visualize the dependencies and impacts of corporate activities on natural capital.
Human Rights Due Diligence	An ongoing process for companies to identify, prevent, mitigate, and account for how they address adverse human rights impacts within their own operations and supply chains. In accordance with the UN Guiding Principles, it requires impact assessments, the implementation of countermeasures, and accountability.
UN Guiding Principles on Business and Human Rights	An international standard for corporate responsibility regarding human rights, endorsed by the United Nations in 2011. It is structured around "Three Pillars": the State duty to protect human rights, the corporate responsibility to respect human rights, and access to remedy. It requires companies to formulate human rights policies and implement human rights due diligence.
Universal Declaration of Human Rights	A landmark declaration adopted by the UN General Assembly in 1948 that serves as the foundation for modern human rights. It defines rights across civil, political, and economic spheres as a "common standard of achievement for all peoples." It plays a foundational role in the international protection of human rights.
ILO Declaration on Fundamental Principles and Rights at Work	A core declaration adopted in 1998 that obligates all ILO member states to respect and promote five fundamental categories of labor rights, regardless of whether they have ratified the specific conventions: freedom of association, the elimination of forced labor, the abolition of child labor, the elimination of discrimination, and a safe and healthy working environment.

Disclaimer Regarding Forward-Looking Statements

The forward-looking statements, strategies, and financial forecasts contained in this report are based on information currently available to Fuji Electric as of June 2026 and certain assumptions deemed reasonable. These statements do not guarantee future performance or results. Actual performance and results of activities may differ materially from the forecasts described herein due to various factors, including changes in social conditions surrounding climate change and natural capital, global economic trends, and other diverse variables.

